



Business Management Modernization

Preliminary **BMM Performance Metrics**

Briefing to BMM Steering Committee

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Meeting Objectives

- Status
- Present preliminary BMMP performance metrics to FMM Steering Committee and obtain guidance
- Provide two examples of program-level targets
- Next Steps



Status

- Established the DO/IT metrics subgroup
- Completed preliminary set of BMMP program-level metric
- Domains are developing supporting metrics



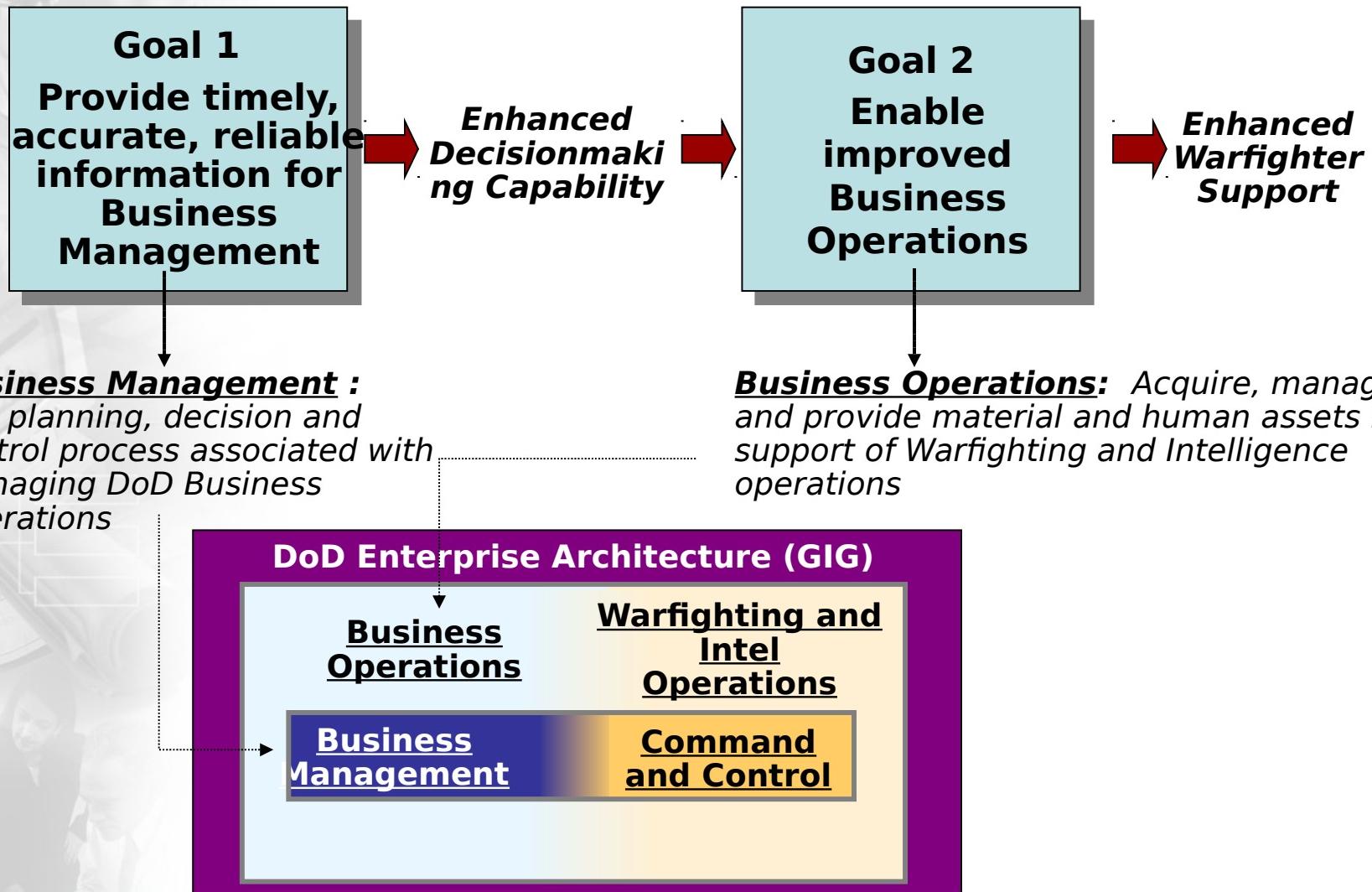
BMMP Vision

The Department of Defense is managed in an efficient, business-like manner in which relevant, reliable, and timely financial information, affirmed by clean audit opinions, is available on a routine basis to support informed decision-making at all levels throughout the Department

(DoD's Response to Public Law 107-314)



BMMP Goals





Goal 1. Provide timely, accurate, reliable information for Business Management

1.1 Achieve unqualified audit opinion on 2007 consolidated DoD financial statements

M1.1.1 Percent of identified material weaknesses eliminated for each material weakness category (Notes 1 & 2)

M1.1.2 Number of financial statement line items that have passed the scrutiny of audit

1.2 By 2007, achieve total visibility and accurate valuation of assets to include Operating, Materials and Supplies (OM&S); Inventory; and Property, Plant and Equipment (PP&E) (Note 3)

M1.2.1 Percent of process established for confirming asset inventory and valuation (to include visibility of in-transit assets)

M1.2.2 Percent of confirmed asset inventory and valuation by category

M1.2.3 Percent of asset data providing accurate in-transit visibility

Note 1: Material weakness categories include "Financial Statement Auditor Identified" and "Other."

Note 2: Using a percentage to represent the elimination of material weaknesses may not be appropriate for all categories of weaknesses

Note 3: Property, Plant, and Equipment (PP&E) includes real property; military equipment; internal use software; personal property, and property in possession of contractors



Goal 1. Provide timely, accurate, reliable information for Business Management (Cont'd)

1.3 By 2007, achieve total personnel visibility to include: military service members, civilian employees, military retirees, and DoD contractors

- M1.3.1 Percent of process established for confirming personnel inventory and tracking
- M1.3.2 Percent of confirmed personnel inventory and tracking by personnel category
- M1.3.3 Percent of personnel data providing accurate in-transit personnel visibility

1.4 Provide DoD decisionmakers timely access to business information

Metrics are in development -- changing approach from “thresholds for each category of data” to a “set of rules” (e.g., current balances updated daily at a minimum)



Goal 2. Enable improved Business Operations

2.1 Adopt the Business Enterprise Architecture (BEA) for acquiring, managing, and providing material and personnel in support of the Warfighter

- M2.1.1 Percent of process established for measuring BEA adoption
- M2.1.2 Percent of processes re-engineered to align with BEA (Note 1)
- M2.1.3 Percent of systems in domain business portfolios that are compliant with BEA (Note 2)
- M2.1.4 Number of DoD systems eliminated from domain business portfolios

2.2 Systematically enable efficiency improvements to DoD business operations

Metrics are in development changing approach to focus on productivity improvements (e.g., reduced cycle times, reduced resources)

Note 1: This is a leading indicator that measures the degree to which the “to be” environment is defined and aligned with the BEA.

Note 2: This is a lagging indicator that measures the degree to which the “to be” environment is implemented. The “to be” environment is implemented by changing systems and associated business processes to be compliant with the BEA.



Example of Targets for M1.1.1 (Page 1 of 2)

Goal 1 Provide timely, accurate, reliable information for Business Management

1.1 Achieve unqualified audit opinion on 2007 consolidated DoD financial statements

M1.1.1 Percent of identified material weaknesses eliminated for each material weakness category

Auditor Identified Material Weakness	Target #1	Target #2	Target #3	Target #4	Management Assertion By	Produce Auditabile Statement
Financial Management Systems	N/A	N/A	N/A	N/A	N/A	FY 07
Fund Balances with Treasury and problem disbursements	N/A	N/A	N/A	100% by Dec 03	Dec 03	FY 05
Inventory	T1%	T2%	T3%	100% by Oct 05	Oct 05	FY 07
Operating Material and Supplies	T1%	T2%	T3%	100% by Oct 05	Oct 05	FY 07
Property, Plant & Equipment	T1%	T2%	T3%	100% by Oct 05	Oct 05	FY 07
Government Furnished Material and Contractor Acquired Material	T1%	T2%	T3%	100% by Oct 05	Oct 04	FY 06

Note: The basis for target dates is the August 8, 2003 memorandum from Under Secretary of Defense (Comptroller) addressing Mid-Range Financial Improvement Plans. The August 8 memorandum requires each component to provide their plan by October 31, 2003. These plans will be used to establish target values for each material weakness category.



Example of Targets for M1.1.1 (Page 2 of 2)

Goal 1 Provide timely, accurate, reliable information for Business Management

1.1 Achieve unqualified audit opinion on 2007 consolidated DoD financial statements

M1.1.1 Percent of identified material weaknesses eliminated for each material weakness category

Auditor Identified Material Weakness Categories	Target #1	Target #2	Target #3	Target #4	Management Assertion By	Produce Auditable Statement
Military Retirement Healthcare Liability	T1%	T2%	T3%	100% by May 03	May 03	FY 03
Environmental Liabilities	T1%	T2%	T3%	100% by Oct 04	Oct 04	FY 06
Intragovernmental Eliminations and other accounting entries	T1%	T2%	T3%	100% by Oct 04	Oct 04	FY 06
Statement of Net Cost	T1%	T2%	T3%	100% by Oct 04	Oct 05	FY 07
Statement of Financing	T1%	T2%	T3%	100% by Oct 05	Oct 05	FY 07



Example of Targets for M2.1.2

Goal 2. Enable improved Business Operations

2.1 By 2007, adopt the Business Enterprise Architecture (BEA) for acquiring, managing, and providing material and human assets in support of the Warfighter

M2.1.2 Percent of processes re-engineered to align with BEA (Note 1)

Targets				
Business Process Re-engineering (BPR)	Target #1	Target #2	Target #3	Target #4
Increment 1 BPR	T1%	T2%	T3%	100% by Apr
Increment 2 BPR	T1%	T2%	T3%	04 100% by Apr
Increment 3 BPR	T1%	T2%	T3%	05 100% by Apr 06



Next Steps

- Start reporting progress of Increment 1 BPR by Nov 03
- Baseline program-level and domain level metrics by Dec 03
- Expanded data collection and reporting capability by Apr 04